FARM BILL/Farmer Owned Reserve Program

SUBJECT: Agricultural Market Transition Act of 1996 . . . S. 1541. Harkin amendment No. 3446 to the Craig (for Leahy/Lugar) substitute amendment No. 3184.

ACTION: AMENDMENT REJECTED, 35-61

SYNOPSIS: As introduced, S. 1541, the Agricultural Market Transition Act of 1996, will make sweeping changes to the Nation's farm policies. Farm programs will be reformed to allow farmers to plant what they want when they want, acreage reduction programs will be eliminated, and spending on farm programs will be capped so that subsidy payments will decline as part of a 7-year transition to full market-oriented farming.

The Craig (for Leahy/Lugar) substitute amendment would make numerous compromise changes (see vote No. 9).

The Harkin amendment would reinstate the Farmer-Owned Reserve Program, which will be eliminated by this bill. That program pays farmers 26.5 cents per bushel to store grain instead of selling it.

Those favoring the amendment contended:

In the 1970s, we heard a hue and cry across the country from farmers that the grain companies and processors had a stranglehold over the grain markets because farmers could not afford to store their grain and market it when they could get the best price. When they took in their harvests, and prices were low, they had to sell their crops in order to pay their bills. Therefore, Congress in a bipartisan effort passed the Farmer-Owned Reserve Program. This program benefits both farmers and consumers. It allows farmers to stockpile goods until prices improve, and it helps consumers by stabilizing food prices. Food prices do not drop dramatically when harvests come in, nor do they rise during the growing season, nor do they fly through the roof when there is a drought. By having adequate reserves to draw on in hard times, prices remain stable. Stabilizing food prices also helps ranchers by guaranteeing that they will not see any sharp increases in feed prices when a drought or a flood wipes out a year's crops. The Harkin amendment would have a 7-year cost of \$81 million. We personally think that spending \$81 million over 7 years to have stable food prices year round and

(See other side)

YEAS (35)			NAYS (61)			NOT VOTING (4)	
Republicans	Democrats (33 or 72%)		Republicans (48 or 96%)		Democrats (13 or 28%)	Republicans	Democrats
(2 or 4%)						(3)	(1)
Grassley Pressler	Akaka Baucus Bingaman Boxer Breaux Bryan Bumpers Byrd Conrad Daschle Dorgan Exon Feingold Feinstein Ford Glenn	Harkin Heflin Hollings Inouye Johnston Kerrey Kohl Mikulski Moseley-Braun Murray Pell Pryor Reid Rockefeller Simon Wellstone Wyden	Abraham Ashcroft Bennett Bond Brown Burns Campbell Chafee Coats Cochran Cohen Coverdell Craig D'Amato DeWine Dole Faircloth Frist Gorton Grams Gregg Hatch Helms Hutchison	Inhofe Jeffords Kassebaum Kempthorne Kyl Lott Lugar Mack McCain McConnell Murkowski Nickles Roth Santorum Shelby Simpson Smith Snowe Specter Stevens Thomas Thompson Thurmond Warner	Biden Dodd Graham Kennedy Kerry Lautenberg Leahy Levin Lieberman Moynihan Nunn Robb Sarbanes	EXPLANAT Hatfield-2 Hatfield-2 Hatfield-2 EXPLANAT 1—Official 1 2—Necessar 3—Illness 4—Other SYMBOLS: AY—Annou AN—Annou PY—Paired PN—Paired	ily Absent inced Yea inced Nay Yea

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to help farmers is a bargain. If our colleagues agree they will join us in voting in favor of the Harkin amendment.

Those opposing the amendment contended:

The Farmer-Owned Reserve Program passed as a bipartisan initiative, and after seeing how it has worked in practice Senators should join on a bipartisan basis to kill it. In the past few years, this reserve has been gradually depleted, and we should not make the mistake of allowing it to grow again. When the reserve was large it created a huge overhang on the market that made it impossible for farmers to read market signals when running their farms. The looming presence of millions of bushels of hoarded grain always left open the possibility that markets could swing wildly and capriciously. The markets in fact did move in wild fits and starts, making the gamble of farming riskier than it ever was before. The cost of continuing this subsidy that actually hurts farmers will be nearly \$100 million over the next 7 years. For taxpayers and farmers alike the Harkin amendment is a bad deal. Some of us speak from first-hand experience as farmers—we have been hurt by this reserve program, and we urge our colleagues to take this opportunity to get rid of it once and for all.